STATEMENT OF CONSIDERATIONS

Class Waiver of the Government's United States and Foreign Patent Rights in Subject Inventions Made in the Performance of Cooperative Research and Development Agreement No. 01082 (CRADA) Entered Into Between Sandia Corporation and SEMATECH, Inc., W(C) 93-004

SEMATECH, Inc. (SEMATECH) is a Corporation of the state of Delaware having a principal office in Austin, Texas.

SEMATECH is a consortium of firms (member companies) in the United States semiconductor industry. SEMATECH is funded, in part, by the Department of Defense under the Semiconductor Cooperative Research Program established pursuant to Public Law 100-180, Sections 271-276, for the purpose of encouraging the semiconductor industry in the United States to conduct research on advanced semiconductor manufacturing techniques and develop techniques to use manufacturing expertise for the manufacture of a variety of semiconductor products.

The Department of Energy (DOE) has previously granted a Class Waiver of Government rights to inventions made in the performance of CRADAs entered into by Sandia Corporation pursuant to its Management and Operating Contract (DE-AC04-DP00789) with the DOE (Class Waiver No. W(C) 90-015).

The purpose of this waiver is to provide for amending the considerations of the previous Waiver (W(C) 90-015) to bring the conditions of the waiver rights into consistency with the spirit and scope of the SEMATECH enabling legislation (P.L. 100-180) applicable to Subject Inventions under the subject CRADA No. 01082 between Sandia Corporation and SEMATECH.

Therefore, the waiver of the Government's rights in Subject Inventions arising under the subject CRADA in the first case to Sandia and in the second case to SEMATECH is subject to the Government's retention of a nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the Government, provided, that the Government license shall not be deemed to include commercial rights to the Government or the right of the Government to transfer rights for commercial use. Rights necessary to engage in a governmental function as authorized by law or to carry out a governmental responsibility as authorized by law shall not be deemed commercial rights. Activities that are primarily in pursuit of such a governmental function or responsibility shall not be deemed commercial use.

The Government's march-in rights and requirements for utilization reports set-out in Waiver Number W(C) 90-015 should be waived as being inconsistent with the spirit and scope of the SEMATECH enabling legislation (P.L. 100-180) to the extent it is necessary to comply with the provisions of the subject CRADA.

Based on the forgoing Statement of Considerations it is determined that the interest of the United States and the general public will best be served by waiver of the United States and Foreign Rights as set forth herein and therefore, the waiver is granted. This waiver shall not affect any waiver previously granted nor shall it be applicable to any CRADA participant other than SEMATECH, Inc.

CONCURRENCE:

Everet H. Beckner
Acting Assistant Secretary
for Defense Programs

DATE: 4/5/93

Roger Lewis
Office of Technology
Utilization

DATE: 4/5/93

APPROVAL:

Richard E. Constant
Assistant General Counsel
for Intellectual Property

DATE: 4/5/93

NOTES ON EFFECT OF SEMATECH LEGISLATION

1. The Bayh/Dole Act at 35 U.S.C. 210 requires that all funding agreements include provisions for retention of a government license under paragraph 202(c)(4) and March-in Rights in accordance with Section 203 of the Title. Section 203 of the Title, by inference, requires the inclusion of the U.S. preference clause of Section 204.

   Regardless of the enforceability of such provision, Bayh/Dole also at 35 U.S.C. 210, states that, "The Act creating this chapter shall be construed to take precedence over any future Act unless that Act specifically cites this Act and provides that it shall take precedence over this Act."

2. The Sandia M&O contract is a funding agreement subject to the provisions set out in paragraph 1. above.

3. As a part of the Federal Technology Transfer Act of 1986, an amendment was made to 35 U.S.C. 210 by adding paragraph (e) as follows:

   > "(e) The provisions of the Stevenson-Wydler Technology Innovation Act of 1980, as amended by the Federal Technology Transfer Act of 1986, shall take precedence over the provisions of this chapter to the extent that they permit or require a disposition of rights in subject inventions which is inconsistent with this chapter."

   The pertinent part of the Technology Transfer Act relating to disposition to rights in subject inventions is found at 15 U.S.C. 3710a(b)(2), and (3).

   Subparagraph (2) related to Laboratory inventions and gave the Government-operated Federal Laboratories the right to:

   > "(2) grant or agree to grant in advance, to a collaborating party, patent licenses or assignments, or options thereto, in any invention made in whole or in part by a Federal employee under the agreement (CRADA), retaining a nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention or to have the invention practiced throughout the world by or on behalf of the Government and such other rights as the Federal laboratory deems appropriate;" (emphasis added).

Note that this provision relates to inventions made by Federal employees in a Government-operated Federal Laboratory. When the National Competitiveness Technology Transfer Act of 1989 (NCTTA) was passed, it contained no similar reference to Bayh/Dole or that its provisions should take precedence over the provisions of Bayh/Dole.

The change that the NCTTA made to subparagraph (b)(2), above, of Stevenson-Wyder was that of changing "a Federal" to "a laboratory". From this there is no indication that Congress, when expanding the CRADA authority to the contractor-operated Federal laboratories, meant to permit the disposition of rights in inventions to override the requirements of Bayh/Dole.

Subparagraph b(3) relates to the Federal Laboratory authority, with respect to CRADA Participant's inventions to:

> "(3) waive, subject to reservation by the Government of a nonexclusive, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the Government, in advance, in whole or in part, any right of ownership which the Federal Government may have to any subject invention made under the agreement by a collaborating party or employee of a collaborating party;"

Subparagraph b(3) was unchanged by the passage of the NCTTA, thereby leaving the rights of the CRADA Participant the same as under the Technology Transfer Act of 1986. You will note that the scope of the reserved Government license required in both subparagraphs b(2) and b(3) are of the same scope as that of 35 U.S.C. 202(c)(4) which is required under Bayh/Dole and hence is not inconsistent with the Technology Transfer Act nor the modifications made to Stevenson Wydler under the NCTTA. Since the legislative history regarding 35 U.S.C. 210(e) giving preference of Stevenson-Wydler as amended by the Technology Transfer Act over Bayh/Dole is silent, interpretation can only be made by analyzing the words themselves.

It is also pointed out that DOE, pursuant to the Atomic Energy Act at 42 U.S.C. 2182 and the Federal Non-nuclear Act at 42 U.S.C. 5908 is a title-taking agency in connection with inventions made under any arrangement with the DOE. Inventions made under these arrangements shall vest in the United States unless waived by the DOE. Since the Government-owned, contractor-operated laboratories have no authority to grant waivers to subject inventions, the only reasonable reading of Stevenson-Wydler at 15 U.S.C. 3710a(b)(3) is that the granting of authority to the laboratories to "waive" inventions was meant only for Federal operated laboratories.

A most liberal reading of the precedent provision of the Technology Transfer Act of 1986 would be that Stevenson-Wyder is not inconsistent with Bayh/Dole with respect to the reserved Government license of both Sandia inventions and the CRADA partner's inventions. I further see nothing that overrides the statutory requirement for March-in Rights and U.S. Preference requirements under the M&O funding agreement. Since Sandia receives its title, pursuant to a waiver granted subject to the M&O contract, its right to transfer by license, assignment or options thereto under (b)(2), can extend only to the rights that it has; and those rights are subject to the Government license, March-in Rights and the U.S. Preference requirements.

This is not in conflict with the proposed CRADA arrangement since the proposed license agreement from Sandia to Sematech is a nonexclusive license which would not invoke the requirements of the Bayh/Dole U.S. Preference of 35 U.S.C. 204.

4. The Sematech enabling legislation entitled "Semiconductor Cooperative Research Program" at P.L. 100-180, Sections 271 through 276, provides at Section 272(b)(5):

> "That (A) the Secretary of Defense be permitted to use intellectual property, trade secrets and technical data owned and developed by Sematech in the same manner as a Participant and to transfer such intellectual property, trade secrets and technical data to the Department of Defense contractors for use in connection with Department of Defense requirements, and (B) the Secretary not be permitted to transfer such property for commercial use." (emphasis supplied)

Therefore, the scope of the reserved license to the Department of Defense applies only to intellectual property owned and developed by Sematech. Inventions or intellectual property that arise under the CRADA activity by the efforts of Sandia employees are not owned and developed by Sematech and hence this narrow-scoped license does not apply to Sandia inventions.

Further, at Section 272(b)(3) there is a requirement that Sematech, in conducting research and development activities pursuant to the Memorandum of Understanding (with DOD), "...cooperate with and draw on the expertise of the national laboratories of the Department of Energy and of colleges and universities in the United States in the field of semiconductor manufacturing technology." There is nothing in this paragraph that indicates that the DOE should give more rights in laboratory inventions to Sematech than it gives to any other CRADA Participant, any more than there is a suggestion that when Sematech deals with colleges and universities in the United States that it take more rights from them than they would normally give a cooperative research partner.

Further, it is noted that there is nothing in the entire Sematech enabling legislation or legislative history that would indicate that this enabling legislation was to take precedence over existing acts. Generally, a precisely drawn statute dealing with specific subject matter controls over statutes covering a more generalized spectrum (see Brown v. General Services Administration, 425 U.S. 820, 834 (1976). In Watt v. Alaska, 451 U.S. 259 (1981), the Supreme Court, at 267, held that conflicting statutes must be read to give effect to each if such can be done by preserving their sense of purpose. A copy of a memorandum (Ortiz/Chafin) dated April 1, 1993 is attached. Even under the theory that narrowly drawn, specifically directed legislation will take precedence over prior laws that are inconsistent therewith, there is nothing in the Sematech enabling legislation that indicates that it should take precedence over anything except for intellectual property "owned and developed" by Sematech and further, the laws are not inconsistent.

5. Another important consideration is that the requirement in 35 U.S.C. 210 requiring that all funding agreements contain a reserved Government license, March-in Rights, and U.S. Preference was put in place by P.L. 98-620, § 13, wherein the legislative history, Senate Report stated that:

> "Section 13 assures that <u>no agency will be permitted</u> to waive the normal license retained by the Government or the capability to March-in in accordance with P.L. 96-517 <u>in any situation</u> where a Federal contractor elects to retain ownership of an invention made with Federal support." (emphasis added).

This addition to the Act was a Congressional response overriding a Presidential Statement of Government Patent Policy issued February 18, 1983, and hence should not be lightly waived.

United States Government | Department of Energy

Albuquerque Field Office

memorandum

DATE: April 1, 1993

REPLY TO ATTN OF: PAT:LMO

SUBJECT: CONFLICTS BETWEEN SPECIFIC AND GENERAL STATUTES

TO: James H. Chafin, Assistance Chief Counsel for intellectual Property

You asked me to research the issue of conflicts between specific purpose statutes and general statutes. The results of my research indicate that, generally, a special statute will prevail over a general statute only when there is an irreconcilable conflict between the statutes. Otherwise, the statutes must be read to give effect to each if such can be done while preserving their sense and purpose.

Generally, a precisely drawn statute dealing with specific subject matter controls over statutes covering more generalized spectrum. See *Brown v. General Services Administration*, 425 U.S. 820, 834 (1976). The U.S. Supreme Court has stated "[w]here there is no clear intention otherwise, a specific statute will not be controlled or nullified by a general one, regardless of the priority of enactment." *Morton v. Mancari*, 417 U.S. 535, 550-551 (1974). Furthermore, in *Radzanower v. Touche Ross & Co.*, 426 U.S. 148 (1979), where a general statute followed a specific statute, the Court held that a narrowly drawn, specific statute is not submerged by a later enacted statute covering a more general spectrum unless "clear intention otherwise" can be discerned from the language or the legislative history of the statute.

In *Radzanower*, the Court noted that one of the "'well-settled categories of repeals by implication [is] where provisions in the two acts are in irreconcilable conflict, the later act to the extent of the conflict constitutes an implied repeal of the earlier one.'" *Id.* at 154 (quoting *Posadas v. National City Bank*, 296 U.S. 497, 503 (1936). However, the Court will look for an ***irreconcilable conflict*** between statutes in applying the general rule. *Watt v. Alaska*, 451 U.S. 259 (1981)); see also *In re pacific Far East Line, Inc.*, 644 F.2d 1290 (9th Cir. 1981). The starting point for an issue involving statutory construction is the language of the statute itself. *Id.* Where two statues are involved, legislative intent to repeal an earlier statute must be ***clear and manifest***. In the absence of such intent, conflicting statutes must be read to give effect to each if such can be done by preserving their sense of purpose. *Id.* at 267.

Luis M. Ortiz
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